

REFERENCE TITLE: **charity game ticket games.**

State of Arizona
House of Representatives
Forty-ninth Legislature
First Regular Session
2009

HB 2172

Introduced by
Representatives Antenori, Stevens: Lesko, Murphy

AN ACT

CHANGING THE DESIGNATION OF TITLE 5, CHAPTER 4, ARTICLE 1, ARIZONA REVISED STATUTES, TO "BINGO AND CHARITY GAME TICKET GAMES"; AMENDING SECTIONS 5-401, 5-402, 5-403, 5-404, 5-405, 5-406, 5-407, 5-408, 5-409, 5-412, 5-413 AND 5-414, ARIZONA REVISED STATUTES; AMENDING TITLE 5, CHAPTER 4, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 5-416, 5-417 AND 5-418; RELATING TO CHARITABLE ORGANIZATION FUND-RAISING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Heading change

3 The article heading of title 5, chapter 4, article 1, Arizona Revised
4 Statutes, is changed from "GAMES OF BINGO" to "BINGO AND CHARITY GAME TICKET
5 GAMES".

6 Sec. 2. Section 5-401, Arizona Revised Statutes, is amended to read:

7 5-401. Definitions

8 In this ~~chapter~~ ARTICLE, unless the context otherwise requires:

9 1. "Adjusted gross receipts" means the receipts remaining after
10 deducting the monies paid for prizes from gross receipts.

11 2. "Applicant" means a person, a group of persons or an organization
12 that submits an application to the licensing authority for a license required
13 under this ~~chapter~~ ARTICLE.

14 3. "Assistant" means a person who is not a manager, supervisor or
15 proceeds coordinator, who assists in conducting bingo OR CHARITY GAME TICKET
16 games, OR BOTH, and who is designated as an assistant in the application for
17 a license.

18 4. "Auxiliary" means a formally organized body formed for the purpose
19 of assisting a qualified organization in accomplishing its primary purposes
20 and recognized by a licensee in writing to the licensing authority as the
21 licensee for the purposes of this ~~chapter~~ ARTICLE.

22 5. "Charitable organization" means any organization, including not
23 more than one auxiliary of the organization, not for pecuniary profit, ~~which~~
24 THAT is operated for charitable purposes within this state and ~~which~~ THAT has
25 been so engaged for two years ~~prior to~~ BEFORE making application for a
26 license under this article.

27 6. "CHARITY GAME TICKET" MEANS A PAPER CARD WITH PERFORATED BREAK-OPEN
28 TABS, THE FACE OF WHICH IS COVERED OR OTHERWISE HIDDEN FROM VIEW TO CONCEAL
29 ONE OR MORE NUMBERS, LETTERS OR SYMBOLS, SOME OF WHICH OUT OF EVERY SET OR
30 DEAL HAVE BEEN DESIGNATED IN ADVANCE AND AT RANDOM AS PRIZE WINNERS. CHARITY
31 GAME TICKET INCLUDES THOSE GAMES REFERRED TO AS BINGO EVENT TICKETS IN WHICH
32 SOME WINNERS MAY BE DETERMINED BY THE USE OF A BINGO FLASHBOARD OR SEAL CARD
33 OR BY MARKING PREPRINTED NUMBERS ON THE TICKET.

34 ~~6-~~ 7. "Chartered branch or lodge or chapter of a national or state
35 organization" means any branch or lodge or chapter of a national or state
36 qualified organization.

37 8. "DEAL" MEANS A SINGLE GAME OR SET OF CHARITY GAME TICKETS WITH THE
38 SAME SERIAL NUMBER.

39 9. "DISTRIBUTOR" MEANS A BUSINESS ENTITY THAT PURCHASES OR OBTAINS
40 CHARITY GAME TICKETS AND THAT SELLS, OFFERS TO SELL OR OTHERWISE PROVIDES
41 CHARITY GAME TICKETS TO A LICENSED CHARITABLE ORGANIZATION FOR USE IN THIS
42 STATE.

43 ~~7-~~ 10. "Equipment" means the receptacle and numbered objects drawn
44 from it, the master board ~~upon~~ ON which such objects are placed as drawn, the
45 cards or sheets bearing numbers or other designations to be covered and the

objects used to cover them, the board or signs, however operated, used to announce or display the numbers or designations as they are drawn, the public address system, and all other articles essential to the operation, conduct and playing of bingo.

~~8.~~ 11. "Fraternal organization" means any organization within this state, except college and high school fraternities, not for pecuniary profit, ~~which~~ THAT is a branch or lodge or chapter of a national or state organization and THAT exists for the common business, brotherhood or other interests of its members ~~and which~~ IF THE national or state organization has so existed for AT LEAST two years in Arizona ~~prior to~~ BEFORE making application for a license under this article. Fraternal organization shall also include not more than one auxiliary of such organization.

~~9.~~ 12. "Gross receipts" means the total of the following:

(a) The receipts from the sale of shares, tickets or rights in any manner connected with participation in a game of bingo OR CHARITY GAME TICKETS, OR BOTH, or the right to participate therein, including any admission fee, charge for cards, daubers or other devices, the sale of equipment or supplies and all other miscellaneous receipts, excluding sales of food or beverages or other products ~~which~~ THAT are not required to play bingo OR CHARITY GAME TICKET games, OR BOTH.

(b) Interest collected on the special account or interest bearing accounts established pursuant to section 5-407.

~~10.~~ 13. "Homeowners association" means a nonprofit corporation or association that is established to own, lease or manage common, limited access lots, parcels, areas, grounds or streets of a real estate development and that has continuously engaged in those activities in this state for at least two years immediately before applying for a license.

~~11.~~ 14. "Lawful purposes" means the expenditure of net proceeds of a game of bingo OR CHARITY GAME TICKETS, OR BOTH, exclusively by a licensee for the purposes of carrying out its mission and its aims or for the purpose of charity.

~~12.~~ 15. "Lawful use" means the devotion of the entire net proceeds of a game of bingo OR CHARITY GAME TICKETS, OR BOTH, exclusively to a lawful purpose or to lawful purposes.

~~13.~~ 16. "License" means a license issued by the licensing authority pursuant to this article.

~~14.~~ 17. "Licensee" means any person or qualified organization to which a license has been issued by the licensing authority.

~~15.~~ 18. "Licensing authority" means the department of revenue.

~~16.~~ 19. "Local governing body" means the governing body of a city or town or the board of supervisors of the county for locations outside a city or town.

~~17.~~ 20. "Manager" means a person who has overall responsibility for conducting bingo OR CHARITY GAME TICKET games, OR BOTH, by a licensee and WHO is designated as a manager in the application for a license.

21. "MANUFACTURER" MEANS A PERSON THAT PRINTS AND ASSEMBLES CHARITY GAME TICKETS FROM RAW MATERIALS, SUPPLIES OR SUBPARTS.

~~18-~~ 22. "Member" means an individual who has qualified for membership in a qualified organization or its auxiliary pursuant to its bylaws, articles of incorporation, charter, ~~OR~~ rules or ~~A~~ similar written instrument and who has been a member in good standing for at least two years.

~~19-~~ 23. "Net proceeds" means the receipts less such expenses, charges, fees and deductions as are specifically authorized under this article.

~~20-~~ 24. "New member" means an individual who has qualified and been approved by the appropriate parent organization or state or national organization for membership in a qualified organization including auxiliaries pursuant to its bylaws, articles of incorporation, charter, ~~OR~~ rules or ~~A~~ similar written instrument and who has been a member in good standing for at least thirty days but less than two years.

~~21-~~ 25. "Occasion" means a gathering at which bingo games are played.

~~22-~~ 26. "Person" means a natural person, firm, association, corporation or other legal entity.

~~23-~~ 27. "Premises" means any room, hall, building, enclosure or outdoor area used for the purpose of playing a game of bingo ~~OR CHARITY GAME TICKETS, OR BOTH~~. Premises shall not be subdivided to provide multiple premises.

~~24-~~ 28. "Proceeds coordinator" means a person who has primary responsibility for the use of bingo game ~~OR CHARITY GAME TICKET~~ proceeds, ~~OR BOTH~~, in accordance with law and for all checks issued from bingo game ~~OR CHARITY GAME TICKET~~ proceeds, ~~OR BOTH~~, and ~~WHO~~ is designated as the proceeds coordinator in the application for a license.

~~25-~~ 29. "Qualified organization" means a homeowners association or any bona fide charitable, fraternal, religious, social, as described in section 43-1201, paragraph 7, veterans' or volunteer ~~fire-fighters~~ FIREFIGHTERS' organization, or nonprofit ambulance service as defined in section 41-1831 or any chartered branch or lodge or chapter of such national or state organization ~~which~~ THAT operates without profit to its members and ~~which~~ THAT has been in existence continuously for a period of ~~AT LEAST~~ two years in Arizona immediately before applying for a license under this article, and may include not more than one identified auxiliary of any such organization.

~~26-~~ 30. "Religious organization" means any organization, church, body of communicants or group, not for pecuniary profit, ~~gathered~~ ~~THAT GATHERS~~ in common membership for regular worship and religious observances and ~~which organization~~ THAT has been so gathered or united for ~~AT LEAST~~ two years ~~prior to~~ BEFORE making application for a license under this article. Religious organization shall also include not more than one auxiliary of the organization.

~~27-~~ 31. "Reporting period" means the applicable reporting period prescribed in section 5-413.

~~28-~~ 32. "Revocation" means the disciplinary termination of bingo OR CHARITY GAME TICKET license activity, OR BOTH.

~~29-~~ 33. "Supervisor" means a person who is primarily responsible for the conduct of bingo games on each occasion OR FOR CONDUCTING CHARITY GAME TICKET GAMES, OR BOTH, including the supervision of all activities and the making of any report required by the licensing authority for the occasion.

~~30-~~ 34. "Suspension" means the disciplinary termination of bingo OR CHARITY GAME TICKET license activity for a period of less than five years.

~~31-~~ 35. "Veterans' organization" means any congressionally chartered organization within this state, or any branch, lodge or chapter of a national or state organization within this state, not for pecuniary profit, ~~the membership of which~~ THAT consists of individuals who were members of the armed services or forces of the United States, ~~which~~ AND THAT has been in existence for AT LEAST two years ~~prior to~~ BEFORE making application for a license under this article. Veterans' organization shall also include not more than one auxiliary of such organization.

~~32-~~ 36. ~~"Voluntary fire fighters"~~ VOLUNTEER FIREFIGHTERS' organization" means any organization within this state, not for pecuniary profit, THAT IS established pursuant to title 48, chapter 5 ~~which~~ AND THAT has been in existence continuously for AT LEAST two years immediately before applying for a license under this article.

Sec. 3. Section 5-402, Arizona Revised Statutes, is amended to read:

5-402. Licensing authority; powers; duties

The department of revenue is designated as the ~~"licensing authority"~~ ~~of~~ FOR this article. The department of revenue shall be in charge of enforcement of ~~the terms and provisions of~~ this article and, as state licensing authority, it shall:

1. Grant or refuse licenses under this article. In addition, the licensing authority shall have the power on its own motion based on reasonable grounds or on a complaint made and after an investigation and public hearing, at which the licensee shall be afforded an opportunity to be heard, to suspend or revoke any license issued by the licensing authority for any violation by the licensee or any officer, director, agent, member or employee of such licensee of ~~the provisions of~~ this article or any rule ~~authorized under~~ ADOPTED PURSUANT TO this article. Notice of suspension or revocation, as well as notice of such hearing, shall be given by certified mail to the licensee at the address contained in such license. The licensing authority may suspend the operation of a game pending a hearing, ~~in which case, the hearing~~ shall be held within ten days after such notice. Proceedings to suspend or revoke a license shall be held pursuant to title 41, chapter 6, article 10.

2. Supervise the administration of this article and adopt, amend and repeal rules governing the holding, operating and conducting of games of bingo, the rental or purchase of premises and the purchase of equipment and providing that games of bingo OR CHARITY GAME TICKETS, OR BOTH, shall be

1 held, operated and conducted only by licensees for the purposes and in
2 conformity with ~~the provisions of~~ this article.

3 3. Keep records of all actions and transactions of the licensing
4 authority.

5 4. Report on request to the governor or the legislature respecting the
6 administration of this article and make such recommendations in regard to
7 legislation as the licensing authority shall deem necessary and proper.

8 Sec. 4. Section 5-403, Arizona Revised Statutes, is amended to read:

9 5-403. Qualification for license; renewal; transfer

10 A. A person shall not conduct or assist in conducting activity for
11 which a license is required under this article unless the person conducting
12 the activity first obtains the specific class of license for the activity.

13 B. A license prescribed by this article shall not be issued to an
14 applicant qualified under this article until the licensing authority receives
15 an original or certified copy of the application from the local governing
16 body and the nonrefundable license fee prescribed in section 5-414 is paid to
17 the licensing authority. The license expires one year from the date it is
18 issued and may be renewed ~~upon~~ ON the filing with the licensing authority of
19 an application for renewal of the license provided by the licensing authority
20 and the payment of the license fee prescribed in section 5-414. A thirty-day
21 grace period shall be allowed during which the license may be renewed if a
22 late filing penalty equal to the license fee is submitted with the regular
23 license fee. A licensee filing late shall not conduct occasions of bingo OR
24 CHARITY GAME TICKETS, OR BOTH, until the licensing authority has renewed the
25 license for the next one year period. If the licensee fails to apply to the
26 licensing authority within the thirty-day grace period, the licensee must
27 reapply for a new license under section 5-404.

28 C. If a license is revoked, the licensing authority shall not issue a
29 new license to the licensee for a period of five years from the effective
30 date of the revocation.

31 D. A license issued pursuant to this article is not transferable to
32 another person.

33 E. The licensing authority shall not issue more than one license TO
34 CONDUCT BINGO to an applicant or licensee.

35 Sec. 5. Section 5-404, Arizona Revised Statutes, is amended to read:

36 5-404. Application for license

37 A. Each applicant for an initial license to be issued pursuant to ~~the~~
38 ~~provisions of~~ this section shall submit to the local governing body the local
39 governing body fee and the license fee prescribed in section 5-414 together
40 with a written application in the form prescribed by the licensing authority,
41 duly executed and verified, and in which shall be stated:

42 1. The name, telephone number and address of the applicant.

43 2. Sufficient facts to enable the licensing authority to determine
44 whether or not the applicant is qualified for the specific class of license
45 for which the applicant is applying.

1 3. If the applicant is a qualified organization, the names and
2 addresses of its officers.

3 4. The place where and day and time when such games of bingo OR
4 CHARITY GAME TICKETS, OR BOTH, are to be held, operated and conducted by the
5 applicant, under the license applied for.

6 5. The items of expense intended to be incurred or paid in connection
7 with the holding, operating and conducting of such games of bingo OR CHARITY
8 GAME TICKETS, OR BOTH, and the names and addresses of the persons to whom,
9 and the purposes for which, they are to be paid.

10 6. The specific projected use of the net proceeds.

11 7. Such other information as ~~shall be deemed advisable by~~ the
12 licensing authority REQUIRES.

13 B. The applicant shall designate in the application:

14 1. One or two persons who will serve as manager.

15 2. One person who will serve as proceeds coordinator.

16 3. At least one person who will serve as supervisor.

17 4. At least one person who will serve as assistant.

18 C. A person WHO IS designated as a manager, proceeds coordinator or
19 supervisor on a license shall not serve in any of these positions under any
20 other license.

21 D. The applicant shall attach affidavits to the application ~~which~~ THAT
22 are executed by each manager and THAT state that the manager:

23 1. Will conduct all bingo OR CHARITY GAME TICKET games, OR BOTH, in
24 compliance with the license, this article and the rules of the licensing
25 authority.

26 2. Is of good moral character.

27 3. Has never been convicted of a misdemeanor involving moral turpitude
28 or a felony.

29 E. The applicant shall attach an affidavit to the application ~~which~~
30 THAT is executed by the proceeds coordinator and THAT states that the
31 proceeds coordinator:

32 1. Will use the net proceeds in compliance with the terms of the
33 license, this article and the rules of the licensing authority.

34 2. Is of good moral character.

35 3. Has never been convicted of a misdemeanor involving moral turpitude
36 or a felony.

37 F. A person may serve as supervisor for more than one occasion for
38 the same licensee. The supervisor shall be continuously present on the
39 premises during the bingo games and until all associated activities have been
40 completed. The applicant shall attach affidavits to the application ~~which~~
41 THAT are executed by each supervisor and THAT state that the supervisor:

42 1. Will comply with the terms of the license, this article and the
43 rules of the licensing authority in supervising each occasion.

44 2. Is of good moral character.

1 3. Has never been convicted of a misdemeanor involving moral turpitude
2 or a felony.

3 G. Except in an application for a class A license, the applicant shall
4 attach affidavits to the application ~~which~~ THAT are executed by each
5 assistant and THAT state that the assistant:

6 1. Will comply with the terms of the license, this article and the
7 rules of the licensing authority in assisting in the conduct of all bingo OR
8 CHARITY GAME TICKET games, OR BOTH.

9 2. Is of good moral character.

10 3. Has never been convicted of a misdemeanor involving moral turpitude
11 or a felony.

12 H. If any premises are to be leased or rented in connection with
13 holding, operating or conducting any game of bingo OR CHARITY GAME TICKETS,
14 OR BOTH, pursuant to this article, an affidavit by the lessor shall accompany
15 the application stating the lessor's name and address, the amount of rent,
16 stated in a specific dollar amount and not relating to any percentage or
17 portion of gross or net revenue, ~~which~~ THAT will be paid for such premises
18 and that the lessor is, or its officers and directors are, of good moral
19 character and have not been convicted of any misdemeanor involving moral
20 turpitude or a felony.

21 I. The local governing body ~~shall upon~~ ON receipt of the application
22 SHALL immediately set a hearing on the application to be held within
23 forty-five days.

24 J. Following the receipt of the application and the hearing, the local
25 governing body shall recommend approval or disapproval of the application and
26 forward the original or a certified copy of the application endorsed with its
27 approval or disapproval to the licensing authority. If the application is
28 disapproved by the local governing body, the endorsement shall contain the
29 specific reasons for disapproval.

30 Sec. 6. Section 5-405, Arizona Revised Statutes, is amended to read:

31 5-405. Form of license; display

32 A. Each license shall contain a statement of the name and address of
33 the licensee, the name of the manager and the place where bingo OR CHARITY
34 GAME TICKET games, OR BOTH, are to be held.

35 B. Each license issued for the conduct of any game or games of bingo
36 OR CHARITY GAME TICKETS, OR BOTH, shall be conspicuously displayed at the
37 place where any game is to be conducted at all times during any game.

38 Sec. 7. Section 5-406, Arizona Revised Statutes, is amended to read:

39 5-406. Persons permitted to conduct games; premises; equipment;
40 expenses; compensation

41 A. A person shall not hold, operate or conduct any game of bingo OR
42 CHARITY GAME TICKETS, OR BOTH, under any license issued pursuant to this
43 article unless the person has submitted affidavits as required in section
44 5-404 and has received prior written approval from the licensing
45 authority. Persons seeking to replace a manager, proceeds coordinator,

1 supervisor or assistant or to serve as an additional manager, supervisor or
2 assistant shall submit the appropriate affidavit to the licensing authority
3 as required in section 5-404.

4 B. Except as provided in section 5-413, only members and new members
5 of a licensee or an applicant may participate or apply to participate in
6 conducting any bingo OR CHARITY GAME TICKET game, OR BOTH, held by the
7 licensee.

8 C. Except for a class A licensee, a person shall not hold, operate,
9 conduct or assist in conducting any game or games of bingo OR CHARITY GAME
10 TICKETS, OR BOTH, under any license if the person or the person's spouse has
11 a proprietary, equitable or credit interest, or is an officer, director,
12 agent or employee of an individual or company that has a proprietary,
13 equitable or credit interest, in the licensee.

14 D. Bookkeepers or accountants need not be members of the organization.

15 E. An item of expense shall not be incurred or paid in connection with
16 holding, operating or conducting any game of bingo OR CHARITY GAME TICKETS,
17 OR BOTH, THAT IS held, operated or conducted pursuant to any license issued
18 under this article, except bona fide expenses in a reasonable amount for
19 purposes described in section 5-407, subsection G. A game of bingo OR
20 CHARITY GAME TICKETS, OR BOTH, shall not be conducted with any equipment
21 except equipment owned solely by the licensee, or jointly by not more than
22 six licensees. No portion of the ownership of such equipment may be held by
23 any person or organization not licensed pursuant to this ~~chapter~~ ARTICLE. A
24 game of bingo OR CHARITY GAME TICKETS, OR BOTH, shall not be conducted with
25 rented equipment.

26 F. An applicant or a licensee shall not enter into any purchase
27 agreement other than a bona fide purchase agreement. The seller may
28 repurchase equipment only ~~upon~~ ON default of the buyer and then only at a
29 price equal to or greater than ninety per cent of any money paid for
30 equipment from buyer to seller. The seller may repurchase a building only
31 ~~upon~~ ON default of the buyer at a fair market value per licensee.

32 G. A licensee shall not conduct or operate more than five occasions of
33 bingo during any calendar week. No more than twelve hours of bingo shall be
34 conducted in any building or on any premises during any calendar day.

35 H. The entire net proceeds of any BINGO game OR CHARITY GAME TICKETS
36 shall be devoted to a lawful use or uses. In addition to other unlawful
37 uses, the following are not considered lawful uses under this subsection:

38 1. Compensation and expenses of directors, officers and management
39 personnel.

40 2. Fees or commissions of consultants.

41 3. Compensation paid for legal services incurred by a licensee
42 unsuccessfully defending against charges of violations of this article.

43 4. Donations to other than national, state or local nonprofit parent
44 organizations in excess of five per cent of the net proceeds except with the
45 permission of the licensing authority.

1 5. Donations or any payment from the lessor to the lessee.

2 I. The premises where any game of bingo OR CHARITY GAME TICKETS, OR

3 BOTH, is being held, operated or conducted, where it is intended that any

4 game of bingo OR CHARITY GAME TICKETS, OR BOTH, shall be held, operated or

5 conducted or where it is intended that any equipment shall be used shall at

6 all times be open to inspection by the licensing authority, its agents and

7 employees and peace officers of any political subdivision of the state.

8 J. When any merchandise prize is awarded in a game of bingo, its value

9 shall be its current retail price. A merchandise prize shall not be

10 redeemable or convertible into cash directly or indirectly.

11 K. Equipment, prizes and supplies for games of bingo OR CHARITY GAME

12 TICKETS, OR BOTH, shall not be purchased or sold at prices in excess of one

13 hundred fifteen per cent of the average price paid by other licensees as

14 reported in the reports submitted to the licensing authority during the prior

15 six month period by licensees having the same class of license. A licensee

16 shall not enter into any contract or purchase agreement whereby it agrees to

17 limit its source of supplies.

18 L. An alcoholic beverage shall not be offered or given as a prize in

19 any such game.

20 M. The net profits derived from the holding of games of bingo OR

21 CHARITY GAME TICKETS, OR BOTH, must be devoted within one year from the date

22 such profits were earned to the lawful purposes of the organization permitted

23 to conduct such games. Any organization desiring to hold the net profits of

24 games of bingo OR CHARITY GAME TICKETS, OR BOTH, for a period longer than one

25 year from the date such profits were earned must apply to the licensing

26 authority for special permission, and upon ON good cause shown the authority

27 may grant the request.

28 N. Any licensee ~~which~~ THAT does not report during any one-year period

29 the amount of its net profits, if any, shall be required to show cause before

30 the licensing authority why its license to conduct games of bingo OR CHARITY

31 GAME TICKETS, OR BOTH, should not be revoked.

32 O. The licensing authority shall require a licensee ~~which~~ THAT does

33 not conduct bingo games during any one year period to show cause why its

34 license to conduct games of bingo OR CHARITY GAME TICKETS, OR BOTH, should

35 not be cancelled.

36 P. Except as otherwise provided by this section, a prize greater in

37 amount or value than one thousand dollars shall not be offered or given in

38 any single game of bingo conducted under any such license, and total prizes

39 shall not exceed an amount or value greater than three thousand dollars for

40 any occasion. Door prizes, discounts or other inducements with a value

41 exceeding two hundred fifty dollars per occasion shall not be offered or

42 given away.

43 Q. Except for a class A licensee, on application to the licensing

44 authority by the licensee the licensing authority may authorize one special

45 bonus game to be played at weekly consecutive occasions with a quarterly

1 prize limit of twelve thousand dollars. A weekly consecutive occasion is an
2 occasion played on the same day of each week during the quarter. The special
3 bonus game may be played at each weekly consecutive occasion subject to the
4 rules adopted by the licensing authority. The special bonus game is not
5 subject to the prize limits prescribed by subsection P of this section.

6 R. The equipment used in playing bingo and the method of play shall be
7 such that each card shall have an equal opportunity to be a winner. The
8 objects or balls to be drawn shall be essentially the same as to size, shape,
9 weight, balance and all other characteristics that may influence their
10 selection. All objects or balls shall be present in the receptacle before
11 each game is begun. All numbers announced shall be plainly and clearly
12 audible or visible to all the players present. Where more than one room is
13 used for any one game, the receptacle, the person calling the numbers as they
14 are drawn and the person removing the objects or balls from the receptacle
15 must be present in the room where the greatest number of players is present
16 and all numbers announced shall be plainly audible or visible to the players
17 in that room and also audible or visible to the players in the other room or
18 rooms. The cards or sheets of the players shall be part of a deck, group or
19 series of cards, no two of which shall be alike, ~~and which deck, group or~~
20 ~~series~~ shall not be so prepared or arranged as to prefer any card. A
21 licensee may provide braille cards for legally blind persons as defined in
22 section 41-1973 or allow legally blind persons to supply their own braille
23 cards. A legally blind person supplying the person's own cards shall pay a
24 fee to the licensee equal to that which would be charged if the legally blind
25 person obtained the cards from the licensee. The bingo game activity shall be
26 conducted and recorded in a manner as prescribed by the licensing authority
27 to verify the gross receipts from each occasion.

28 S. The receptacle, the person calling the numbers as they are drawn
29 and the person removing the objects or balls from the receptacle must be
30 visible to all the players at all times except where more than one room is
31 used for any one game and subsection R of this section applies.

32 T. The particular arrangement of numbers required to be covered in
33 order to win the game and the amount of the prize shall be clearly and
34 audibly or visibly described and announced to the players immediately before
35 each game is begun.

36 U. Any players shall be entitled to call for a verification of all
37 numbers drawn at the time a winner is determined, ~~and for a verification of~~
38 the objects or balls remaining in the receptacle and not yet drawn. The
39 verification shall be made in the immediate presence of the supervisor and in
40 full view of any player requesting the verification.

41 V. A person who is not physically present on the premises where the
42 game is actually conducted shall not be allowed to participate as a player in
43 the game.

44 W. A person who holds, operates or conducts, or assists in holding,
45 operating or conducting, a game of bingo shall not play at any occasion at

1 which such person works unless the game of bingo is conducted pursuant to a
2 class A license.

3 X. A person shall not conduct a lottery or raffle within a twelve hour
4 period before or after a bingo occasion or game on any premises used for
5 bingo games or within one thousand feet of the bingo game. This subsection
6 does not affect any legally conducted activity related to the state lottery
7 OR CHARITY GAME TICKET GAMES.

8 Sec. 8. Section 5-407, Arizona Revised Statutes, is amended to read:
9 5-407. Statement of receipts; expenses; penalty

10 A. On or before the twentieth day after the end of every reporting
11 period designated for the class of the license, each licensee shall file with
12 the licensing authority ~~upon~~ ON forms prescribed by the licensing authority a
13 financial report ~~which~~ THAT is signed and sworn to by the proceeds
14 coordinator showing the amount of the gross receipts derived during the
15 reporting period from games of bingo OR CHARITY GAME TICKETS, OR BOTH, the
16 expenses paid, a brief description of the classification of such expenses,
17 the ratio of net proceeds to the adjusted gross receipts received by the
18 licensee during the reporting period, the name and address of each person to
19 whom has been paid three hundred dollars or more and the purpose of such
20 expenditure, the net proceeds derived from each such game of bingo OR CHARITY
21 GAME TICKETS, OR BOTH, and the uses to which such net proceeds have been or
22 are to be applied. Each licensee shall maintain and keep such books and
23 records as may be necessary to substantiate the particulars of each such
24 report.

25 B. Except for class A licensees, if the net proceeds derived from the
26 games of bingo OR CHARITY GAME TICKETS, OR BOTH, for any six consecutive
27 months do not amount to at least fifty per cent of adjusted gross receipts
28 for those months in total, it shall be presumed that the expenses incurred
29 for goods, wares, merchandise and services rendered are not bona fide and
30 reasonable, and the operation of the game is deemed to be against public
31 policy. If the net proceeds of the games operated by a licensee are less
32 than fifty per cent of the adjusted gross receipts in any six consecutive
33 months, the license may be revoked.

34 C. The failure to file reports within forty-five days after their due
35 date, or ~~if~~ FILING reports THAT are not fully, accurately and truthfully
36 completed, may be the basis of the revocation of the license. If the
37 licensee fails to make and file a return on or before the due date, unless
38 the failure is due to reasonable cause, a penalty equal to five per cent of
39 the amount found to be due or remaining due under subsection ~~H~~ I of this
40 section shall be added to that amount for each month or fraction of a month
41 between the due date of the return and the date on which IT WAS filed, plus
42 interest at a rate determined pursuant to section 42-1123. The total penalty
43 shall not exceed twenty-five per cent of the amount found to be remaining
44 due. The penalty is due and payable on notice and demand from the licensing
45 authority. If an action has been filed by the licensing authority for

1 revocation of a license, the court shall award reasonable attorney fees to
2 the licensing authority as a part of the proceedings if the licensing
3 authority prevails in the proceedings.

4 D. Except for a class A licensee, all monies collected or received
5 from the sale of admission, extra regular cards, special game cards, sale of
6 supplies and all other receipts from the games of bingo OR CHARITY GAME
7 TICKETS, OR BOTH, shall be deposited in a special account of the licensee,
8 which shall contain only such money. Except for a class A licensee, all
9 expenses for bingo games, except cash prizes in the amount of less than one
10 hundred fifty dollars, AND ALL EXPENSES FOR CHARITY GAME TICKETS, EXCEPT CASH
11 PRIZES IN THE AMOUNT OF TWO HUNDRED FIFTY DOLLARS OR LESS, shall be withdrawn
12 from the licensee's special account by consecutively numbered checks duly
13 signed by a specified officer or officers of the licensee or the supervisor
14 and payable to a specific person or organization. Class A licensees shall
15 pay all bingo game prizes, except cash prizes in an amount less than one
16 hundred fifty dollars, by check duly signed by a specified person or persons
17 or the supervisor. A check shall not be drawn to "cash" or a fictitious
18 payee. A check drawn on a licensee's special account shall not be payable to
19 the licensee. Checks drawn against the net proceeds in the special account
20 shall be drawn only for lawful uses and purposes. The licensee may establish
21 interest bearing accounts, which shall contain only monies transferred from
22 the licensee's special account, but all monies, interest and other proceeds
23 shall be redeposited to the special account before being used for lawful uses
24 and purposes.

25 E. A licensee shall maintain a permanent record containing the
26 signature of each player who receives a BINGO cash prize from such licensee
27 and the amount of the BINGO cash prize awarded to such player.

28 F. The net profits after they have been given over to another
29 organization shall not be used by the donee organization to pay any person
30 for services rendered or materials purchased in connection with the
31 conducting of bingo OR CHARITY GAME TICKETS, OR BOTH, by the donor
32 organization.

33 G. Expenses shall not be incurred or paid in connection with holding,
34 operating or conducting any game of bingo OR CHARITY GAME TICKETS, OR BOTH,
35 pursuant to any license, except bona fide expenses of a reasonable
36 amount. Expenses may be incurred only for the following purposes:

- 37 1. The purchase of goods, wares and merchandise furnished.
- 38 2. Payment for services rendered.
- 39 3. Rent.
- 40 4. Accountants' fees.
- 41 5. License fees.
- 42 6. Utility expenses.
- 43 7. Security guards.
- 44 8. Compensation not to exceed the current federal minimum wage plus
45 twenty per cent.

1 9. Mortgage payments when a nonprofit charitable organization licensee
2 is using the building or premises for both bingo OR CHARITY GAME TICKETS, OR
3 BOTH, and for the licensee's bona fide charity.

4 10. Advertising.

5 H. FOR THE PURPOSES OF ~~in this~~ subsection G OF THIS SECTION:

6 ~~(a)~~ 1. "Goods, wares and merchandise" means prizes, equipment and
7 articles of a minor nature such as pencils, crayons, tickets, envelopes,
8 paper clips and coupons necessary for the conduct of games of bingo OR
9 CHARITY GAME TICKETS, OR BOTH.

10 ~~(b)~~ 2. "Services rendered" means repair to equipment, reasonable
11 compensation to bookkeepers or accountants, not more than two in the
12 aggregate, for services in preparing financial reports and a reasonable
13 amount for janitorial service and security guards. Services rendered do not
14 include and no item of expense may be incurred or paid for service of any
15 nature whatever rendered by a member or new member, including, without
16 limitation except as provided by SUBSECTION G, paragraph 8 of this ~~subsection~~
17 SECTION, equipment repair, bookkeeping, accounting, janitorial service,
18 security guard service or operating, conducting or managing a bingo OR
19 CHARITY GAME TICKET game, OR BOTH, or providing any professional or
20 consultation service related to bingo OR CHARITY GAME TICKETS, OR BOTH.

21 ~~H.~~ I. In lieu of the taxes collected under title 42, chapter 5,
22 article 1 there shall be paid to the ~~state~~ licensing authority a tax in the
23 amount prescribed in section 5-414. The taxes collected pursuant to this
24 section shall be deposited in the state general fund. All administrative
25 receipts, including license fees, penalties and interest, collected by the
26 state pursuant to this article shall be deposited in the state general fund.

27 ~~I.~~ J. Each licensee, at the time each financial report is submitted
28 to the licensing authority, shall pay to the order of the licensing authority
29 the amount of tax provided in subsection ~~H~~ I of this section.

30 Sec. 9. Section 5-408, Arizona Revised Statutes, is amended to read:

31 5-408. Examination of books and records

32 The licensing authority and its agents shall have power to examine or
33 cause to be examined the books, records and bingo paper OR CHARITY GAME
34 TICKET inventory of any licensee to which any such license is issued so far
35 as they may relate to any transactions connected with the holding, operating
36 and conducting of any game of bingo OR CHARITY GAME TICKETS, OR BOTH. Such
37 records shall be maintained and available to the licensing authority for a
38 period of three years.

39 Sec. 10. Section 5-409, Arizona Revised Statutes, is amended to read:

40 5-409. Forfeiture of license; ineligibility to apply for
41 license; classification

42 Any person who knowingly makes any false statement in any application
43 for any license pursuant to this article or in any statement annexed to the
44 application or fails to keep sufficient books and records to substantiate the
45 financial reports required under section 5-407 or knowingly falsifies any

books or records so far as they relate to any transaction connected with the holding, operating and conducting of any game of bingo OR CHARITY GAME TICKETS, OR BOTH, under any license or violates any of the provisions of this article or of any term of a license is guilty of a class 2 misdemeanor and ~~shall~~, if convicted, in addition to suffering any other penalties ~~which~~ THAT may be imposed, SHALL forfeit any license issued to it pursuant to this article and shall be ineligible to apply for a license pursuant to this article for at least five years ~~thereafter~~ AFTER THE CONVICTION.

Sec. 11. Section 5-412, Arizona Revised Statutes, is amended to read:

5-412. Preemption by state of taxation

Excise taxation of bingo OR CHARITY GAME TICKETS, OR BOTH, is preempted by the state, and ~~a~~ ANY county, city, town or other political subdivision of this state shall not levy an excise tax on bingo OR CHARITY GAME TICKETS, OR BOTH.

Sec. 12. Section 5-413, Arizona Revised Statutes, is amended to read:

5-413. License classifications; requirements

A. A class A BINGO license may be issued to a person for the conduct of bingo games for which the gross receipts do not exceed ~~fifteen thousand six hundred~~ FORTY-SIX THOUSAND EIGHT HUNDRED dollars per year. A class A license shall not be issued to a person who holds a license issued pursuant to title 4 except a club license issued pursuant to section 4-205. For a class A license:

1. Any person may apply as prescribed in this article.
2. The manager, proceeds coordinator, supervisor and assistant are not required to be members or new members.
3. The reporting period is one year coinciding with the term of the license.

B. A class B BINGO license may be issued to a qualified organization for the conduct of bingo games for which the gross receipts do not exceed three hundred thousand dollars per year. For a class B license:

1. Only a qualified organization may apply.
2. The manager and supervisor shall be members of the licensee.
3. The proceeds coordinator shall be an officer or director and a member of the licensee and is responsible for completion of the required financial report.
4. An assistant shall be a member or new member of the licensee.
5. There are four reporting periods coinciding with the quarters of the term of the license.

C. A class C BINGO license may be issued to a qualified organization for the conduct of bingo games for which the gross receipts exceed three hundred thousand dollars per year. For a class C license:

1. Only a qualified organization may apply.
2. The manager and supervisor shall be members of the licensee.

3. The proceeds coordinator shall be an officer or director and a member of the licensee and is responsible for completion of the required financial report.

4. An assistant shall be a member or new member of the licensee.

5. There are twelve reporting periods coinciding with each month of the term of the license.

D. A CLASS D CHARITY GAME TICKET LICENSE MAY BE ISSUED FOR THE CONDUCT OF CHARITY GAME TICKETS TO A QUALIFIED ORGANIZATION THAT OPERATES WITH A CLASS B OR CLASS C BINGO LICENSE OR ANY CHARITABLE ORGANIZATION THAT OPERATES A PRIVATE, MEMBERS-ONLY CLUB THAT MEETS THE REQUIREMENTS PRESCRIBED IN SECTION 4-101, PARAGRAPH 7, SUBDIVISION (a), (b) OR (c). FOR A CLASS D LICENSE:

1. ONLY A QUALIFIED ORGANIZATION MAY APPLY FOR THE LICENSE.

2. THE MANAGER AND SUPERVISOR SHALL BE MEMBERS OF THE LICENSEE ORGANIZATION.

3. THE PROCEEDS COORDINATOR SHALL BE AN OFFICER OR DIRECTOR AND A MEMBER OF THE LICENSEE ORGANIZATION AND SHALL BE RESPONSIBLE FOR COMPLETION OF THE REQUIRED FINANCIAL REPORT.

4. THE LICENSEE ORGANIZATION SHALL FILE TWELVE REPORTS THAT COINCIDE WITH EACH MONTH OF THE TERM OF THE LICENSE.

Sec. 13. Section 5-414, Arizona Revised Statutes, is amended to read:

5-414. Fees; tax

A. The following fees and tax shall be assessed as prescribed in this article for the different license classes:

Local Governing

License Class	Body Fee	License Fee	Bingo Tax
A	\$ 5.00	\$ 10.00	2.5% of adjusted gross receipts
B	25.00	50.00	1.5% of gross receipts
C	50.00	200.00	2.0% of gross receipts

B. THE LICENSING AUTHORITY MAY ASSESS AND COLLECT FEES FOR CLASS D CHARITY GAME TICKET LICENSES.

Sec. 14. Title 5, chapter 4, article 1, Arizona Revised Statutes, is amended by adding sections 5-416, 5-417 and 5-418, to read:

5-416. Charity game tickets; conduct times; location

A. CHARITY GAME TICKETS MAY BE SOLD AT LICENSED BINGO GAMES ONLY DURING THE AUTHORIZED SESSION TIMES AND NO EARLIER THAN ONE HOUR BEFORE THE START OF THE AUTHORIZED SESSION TIMES AND ONE HOUR AFTER THE END OF THE AUTHORIZED SESSION TIMES.

B. CHARITY GAME TICKETS MAY BE SOLD WITHIN A CHARITABLE ORGANIZATION'S PRIVATE CLUB AS PRESCRIBED IN SECTION 5-413, SUBSECTION D DURING THE POSTED HOURS OF OPERATION OF THAT CLUB.

5-417. Charity game ticket limitations

A. THE MAXIMUM PRICE FOR AN INDIVIDUAL CHARITY GAME TICKET IS ONE DOLLAR.

1 B. THE MAXIMUM PRIZE FOR AN INDIVIDUAL CHARITY GAME TICKET IS FIVE
2 HUNDRED DOLLARS.

3 C. THE MAXIMUM NUMBER OF CHARITY GAME TICKETS IN A SET OR DEAL IS FOUR
4 THOUSAND TICKETS.

5 D. THE PRIZES AWARDED FOR CHARITY GAME TICKET GAMES ARE NOT SUBJECT TO
6 THE BINGO PRIZE LIMITS PRESCRIBED IN SECTION 5-406, SUBSECTION P.

7 5-418. Licensing of charity game ticket manufacturers and
8 distributors; fees; restriction on sales; quality
9 standards

10 A. ANY PERSON THAT SELLS CHARITY GAME TICKETS TO ORGANIZATIONS
11 LICENSED TO CONDUCT GAMES OF BINGO OR CHARITY GAME TICKETS, OR BOTH, SHALL
12 OBTAIN A DISTRIBUTOR'S LICENSE FROM THE LICENSING AUTHORITY FOR A FEE TO BE
13 DETERMINED BY THE DIRECTOR OF THE LICENSING AUTHORITY.

14 B. ANY MANUFACTURER OF CHARITY GAME TICKETS THAT SELLS TO DISTRIBUTORS
15 IN THIS STATE SHALL OBTAIN A MANUFACTURER'S LICENSE FROM THE LICENSING
16 AUTHORITY FOR A FEE TO BE DETERMINED BY THE DIRECTOR OF THE LICENSING
17 AUTHORITY.

18 C. THE LICENSING AUTHORITY SHALL ADOPT RULES PRESCRIBING THE
19 QUALIFICATIONS FOR MANUFACTURERS' AND DISTRIBUTORS' LICENSES.

20 D. LICENSED MANUFACTURERS SHALL SELL CHARITY GAME TICKETS ONLY TO
21 LICENSED DISTRIBUTORS IN THIS STATE.

22 E. LICENSED DISTRIBUTORS SHALL PURCHASE CHARITY GAME TICKETS ONLY FROM
23 LICENSED MANUFACTURERS FOR ALL SALES TO LICENSED ORGANIZATIONS IN THIS STATE.

24 F. LICENSED ORGANIZATIONS SHALL PURCHASE ALL CHARITY GAME TICKETS ONLY
25 FROM LICENSED DISTRIBUTORS.

26 G. NO CHARITY GAME TICKETS MAY BE SOLD IN THIS STATE THAT DO NOT
27 CONFORM TO THE STANDARDS FOR OPACITY, RANDOMIZATION, MINIMUM INFORMATION,
28 WINNER PROTECTION, COLOR AND CUTTING FOR CHARITY GAME TICKETS ESTABLISHED BY
29 A RECOGNIZED GAMING REGULATORS ASSOCIATION SELECTED BY THE LICENSING
30 AUTHORITY.